

SENATE BILL 416

Q3

3lr1666

By: **Senators Salling, Jackson, Klausmeier, Mautz, West, Corderman, Gallion,
Ready, Jennings, Carozza, Hershey, and Bailey**

Introduced and read first time: February 2, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Military Retirement Income**

3 FOR the purpose of altering for certain taxable years a subtraction modification under the
4 Maryland income tax for certain military retirement income; and generally relating
5 to a subtraction modification under the Maryland income tax for military retirement
6 income.

7 BY repealing and reenacting, without amendments,

8 Article – Tax – General

9 Section 10–207(a)

10 Annotated Code of Maryland

11 (2022 Replacement Volume)

12 BY repealing and reenacting, with amendments,

13 Article – Tax – General

14 Section 10–207(q)

15 Annotated Code of Maryland

16 (2022 Replacement Volume)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 10–207.

21 (a) To the extent included in federal adjusted gross income, the amounts under
22 this section are subtracted from the federal adjusted gross income of a resident to determine
23 Maryland adjusted gross income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (q) (1) (i) In this subsection the following words have the meanings
2 indicated.

3 (ii) "Military retirement income" means retirement income,
4 including death benefits, received as a result of military service.

5 (iii) "Military service" means:

6 1. induction into the armed forces of the United States for
7 training and service under the Selective Training and Service Act of 1940 or a subsequent
8 act of a similar nature;

9 2. membership in a reserve component of the armed forces of
10 the United States;

11 3. membership in an active component of the armed forces of
12 the United States;

13 4. membership in the Maryland National Guard; or

14 5. active duty with the commissioned corps of the Public
15 Health Service, the National Oceanic and Atmospheric Administration, or the Coast and
16 Geodetic Survey.

17 (2) The subtraction under subsection (a) of this section includes:

18 [(i) if, on the last day of the taxable year, the individual is under the
19 age of 55 years, the first \$5,000 of military retirement income received by an individual
20 during the taxable year; and

21 (ii) if, on the last day of the taxable year, the individual is at least 55
22 years old, the first \$15,000 of military retirement income received by an individual during
23 the taxable year.]

24 **(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
25 **2022, BUT BEFORE JANUARY 1, 2024, THE GREATER OF \$15,000 OR 50% OF THE**
26 **AMOUNT OF MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING**
27 **THE TAXABLE YEAR; AND**

28 **(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
29 **2023, ALL MILITARY RETIREMENT INCOME RECEIVED BY AN INDIVIDUAL DURING**
30 **THE TAXABLE YEAR.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2023.